



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 508** HLS 11RS 665

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 21, 2011	8:29 AM	Author: LANDRY
Dept./Agy.: Revenue		
Subject: State sales tax exemption for adaptive devices in vehicles		Analyst: Deborah Vivien

TAX/SALES-USE, STATE

OR DECREASE GF RV See Note

Page 1 of 1

Authorizes a state sales and use tax exemption for the purchase and installation of certain adaptive devices for persons with orthopedic disabilities

Current law already exempts adaptive driving equipment and motor vehicle modifications from 3% of the 4% state sales tax if the equipment or modifications are prescribed for personal use by a physician, a licensed chiropractor, or a driver rehabilitation specialist licensed by the state.

Proposed law retains current law and provides a state sales and use tax exemption on the purchase and installation of equipment, materials and services related to adaptive devices in a motor vehicle for a person with an orthopedic disability. Travel trailers or other vehicles not designed to transport people are not included in the exemption. Equipment includes, but is not limited to, hand controls, left side accelerator pedals, raised ceilings and wheelchair ramps and lifts. A prescription for such devices is not required for eligibility of the exemption.

EXPENDITURES	2011-12	2012-13	2013-14	2014-15	2015-16	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2011-12	2012-13	2013-14	2014-15	2015-16	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

Due to this legislation, state general fund revenue will likely decline by a small amount. Internet research indicates that the cost of modifications can range from a few hundred dollars for hand controls to tens of thousands for a wheelchair ramp. It is not known how many alterations will take place each year but it is likely to be fairly small, maybe a few hundred annually with different configurations of equipment. Even if an average conversion costs \$10,000, it would take 250 modifications each year to equal \$100,000 in annual state losses at the 4% state sales tax rate. Not all such conversions would be exempted by this bill from the full 4% state rate, though. Modifications prescribed for personal use by physicians, licensed chiropractors or driver rehabilitation specialists licensed by the state are already exempt from 3% of state tax, and this bill would only impact the remaining 1% of tax for those prescribed conversions. Local taxes are not affected by this bill.

Senate	Dual Referral Rules	House	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost		<input type="checkbox"/> 6.8(F) >= \$100,000 Annual SGF Cost	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease	Gregory V. Albrecht Chief Economist